Government of Saskatchewan

Financial Statement 2004-2005

Saskatchewan Learning

Saskatchewan Correspondence School

Saskatchewan Centennial 2005

106-02016/

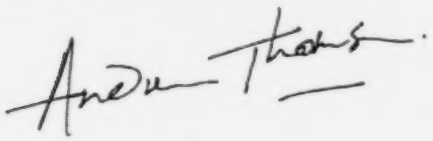
Letter of Transmittal

The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor
Province of Saskatchewan

Your Honour:

I have the honour to submit for your consideration the Financial Statements of the Saskatchewan Correspondence School Revolving Fund for the year ending March 31, 2005.

Respectfully submitted,



Andrew Thomson
Minister of Learning

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2005

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Saskatchewan Correspondence School Revolving Fund as at March 31, 2005 and the statements of operations and accumulated operating surplus/deficit and changes in accumulated net recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2005 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
October 20, 2005

Fred Wendel, CMA, CA
Provincial Auditor

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
BALANCE SHEET
As At March 31

ASSETS

Current Assets	2005	2004 (Restated - Note 13)
Petty cash	$ 225	$ 225
Accounts receivable	308,959	168,165
Inventories	62,894	60,496
	372,078	228,886
Accumulated net recovery (Statement 3)	331,003	252,347
	$ 703,081	$ 481,233

LIABILITIES & EQUITY

Current Liabilities		
Accounts payable and accrued liabilities	$ 170,813	$ 175,037
Unearned revenue	442,597	407,581
	613,410	582,618
Fund Equity		
Accumulated operating surplus / (deficit) (Statement 2)	89,671	(101,385)
	$ 703,081	$ 481,233

(See accompanying notes to the financial statements)

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/DEFICIT
For the Year Ended March 31

	2005 Budget (Note 10)	2005 Actual	2004 Actual (Restated - Note 13)
Revenue:			
Sales	$ 283,559	$ 232,409	$ 255,497
Less: Cost of goods sold	150,286	86,283	107,055
Gross profit	133,273	146,126	148,442
Registration fees	106,525	135,260	128,600
Tuition fees	1,225,095	1,224,972	1,057,463
Other revenue	4,560	2,905	3,769
Total Revenue	1,469,453	1,509,263	1,338,274
Expenses:			
Salaries	1,680,000	1,506,808	1,595,331
Marking fees	50,000	30,454	25,641
Computer support and maintenance	58,000	42,997	35,612
Telephone	24,000	22,560	24,216
Advertising and printing	19,000	17,653	18,200
Amortization	12,096	-	16,525
Office and educational	45,100	39,488	32,722
Postage	93,755	83,580	87,231
Other	6,795	9,667	10,579
Total Expenses	1,988,746	1,753,207	1,846,057
Net (loss) from Operations	(519,293)	(243,944)	(507,783)
Subsidy from General Revenue Fund	435,000	435,000	439,000
Net income/(loss) (Note 8)	$ (84,293)	191,056	(68,783)
Opening accumulated operating (deficit) surplus, beginning of year		(101,385)	11,036
Adjustment to opening accumulated operating (deficit), beginning of year		-	(43,638)
Adjusted opening accumulated operating (deficit), beginning of year		(101,385)	(32,602)
Adjusted accumulated operating surplus/(deficit), end of year - to Statement 1		$ 89,671	$ (101,385)

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY
For the Year Ended March 31

	2005	2004 (Restated - Note 13)
Financing required for operating activities:		
Net (income)/loss	$ (191,056)	$ 68,783
Items not affecting working capital -Amortization	-	(16,525)
Net increase/(decrease) in working capital items related to operations (Note 7)	112,400	(166,879)
	(78,656)	(114,621)
Financing required for investing activities:		
Purchase of capital assets	-	14,432
Decrease in financing requirements	(78,656)	(100,189)
Accumulated net recovery, beginning of year	(252,347)	(97,818)
Transfer of Capital Assets (Note 6)	-	(54,340)
Accumulated net recovery, end of year to Statement 1	$ (331,003)	$ (252,347)

(See accompanying notes to the financial statements)

SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
March 31, 2005

1. Authority and Definition of Entity

The Saskatchewan Correspondence School Revolving Fund was established April 1, 1990, pursuant to Section 11 of The Education Act, 1995. The purpose of the Revolving Fund is to provide educational services at the high school level, Grades 9-12, to Saskatchewan residents through distance education.

2. Significant Accounting Policies

These financial statements have been prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 8. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirement is the cash outflow from/to the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Recovery

The accumulated net recovery of the Revolving Fund includes the following:

i) The aggregate of net (increases)/decreases in financing requirements for all fiscal years to date; and

ii) The book value of assets acquired from or transferred to another government agency at no charge.

c) Inventory

Inventory is valued at the lower of average cost and net realizable value.

d) Revenue recognition

Revenue from tuition fees is recorded in income as the services are provided.

e) Unearned revenue

Measurement uncertainty exists in these statements in the determination of unearned revenue, since an estimate was used in its determination. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount and these variances may be material.

3. Authorized Financing

Section 11(12) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. By Order in Council 776/90 the maximum amount has been set at $1,200,000.

4. Disposition of Accumulated Operating Surplus or Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/(deficit). If the actual amount of the surplus/(deficit) exceeds the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/(deficit) for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The approved surplus/(deficit) limit of the Correspondence School Revolving Fund is $100,000.

5. Tuition Fees and Other Related Costs

The Revolving Fund's Correspondence school tuition fees and other related recoverable costs are described in the annual Correspondence School Calendar. These costs and tuition fees are reviewed annually.

6. Capital Assets

In January 2004, Treasury Board approved the transfer of the Revolving Fund's capital assets to the Department of Learning. This transfer occurred on March 31, 2004 at net book value. The Department now provides use of capital assets to the Revolving Fund.

7. Net Change in Working Capital Items Related to Operations

	2005	2004
		(Restated – Note 13)
Increase/(decrease) in accounts receivable	$ 140,794	$ (129,368)
Decrease in prepaid expenses	-	(6,556)
Increase in inventories	2,398	13,922
Decrease in accounts payable and accrued liabilities	4,224	84,985
Increase in unearned revenue	(35,016)	(129,862)
	$ 112,400	$ (166,879)

8. Amount Reported in Public Accounts

The net (expenditure)/recovery of the Revolving Fund reported in the Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2005	2004
		(Restated – Note 13)
Net income/(loss)	$ 191,056	$ (68,783)
Increase in inventories	(2,398)	(13,922)
Decrease in net capital assets	-	2,093
Amounts not included in Public Accounts due to timing	(301,189)	129,748
Net (expenditure)/recovery reported in Public Accounts	$ (112,531)	$ 49,136

9. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2005	2004
Telephone (SaskTel)	$ 22,560	$ 24,216
Postage (Saskatchewan Property Management)	83,580	87,231

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision is reflected in these financial statements.

10. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

11. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable and accrued liabilities. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net recovery has not been disclosed because it is not practicable to determine the fair value with sufficient reliability.

The Revolving Fund is exposed to credit risk as a result of outstanding accounts receivable.

12. Presentation

Certain of the 2004 balances have been reclassified to conform to the current year's presentation.

13. Correction of Prior Year Error

Unearned revenue was incorrectly recorded in prior years' financial statements.

The effects of this error correction have been applied retroactively. The impact on the financial statements as a whole is as follows:

Impact on accumulated operating surplus (deficit):

	2004
Accumulated operating surplus (deficit), beginning of year, as previously reported	$ 11,036
Error correction – decrease in unearned revenue	(43,638)
Accumulated operating surplus (deficit), beginning of year, as restated	$ (32,602)

Impact on net income (loss):

Net income (loss), as previously reported	$ (28,278)
Error corrections:	
- decrease in unearned revenue	100,995
- increase in accounts payable	(141,500)
Net income (loss) as restated	$ (68,783)